AMENDED IN ASSEMBLY JANUARY 16, 1998 AMENDED IN ASSEMBLY JANUARY 6, 1998

CALIFORNIA LEGISLATURE—1997-98 REGULAR SESSION

ASSEMBLY BILL

No. 1166

Introduced by Assembly Member House

February 28, 1997

An act to amend Section 22138.5 of the Education Code, to amend Sections 20057, 20200, 20201, 20322, 20398, 20403, 20575, 20578, 20636, 21493, 22013, 22013.1, 22013.3, 22013.4, 22013.6, 22013.7, 22013.75, 22013.76, 22013.8, 22013.85, 22013.9, 22013.95, 22013.96, 22013.97, 22013.10, 22013.11, 22014, 22014.1, and 22014.5 of, and to add Section 1227 to, the Government Code, relating to public employees.

LEGISLATIVE COUNSEL'S DIGEST

- AB 1166, as amended, House. Public employees: fingerprinting; retirement.
- (1) Under existing law, state and local agencies impose various requirements and conditions of employment upon their employees and applicants for employment depending on the function and duty of the employment position involved.

This bill would provide that any person employed by a state or local agency, or any prospective applicant for employment with a state or local agency, in any position or capacity that requires the person or applicant to have contact with children shall, as a condition of employment, be fingerprinted. It would

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also require the employee or applicant to bear the cost of fingerprinting, and would define state and local agency for purposes of these provisions. The duties imposed on local agencies to administer these provisions would create a state-mandated local program.

(2) The State Teachers' Retirement Law defines "full-time" for purposes of calculating benefits.

This bill would prescribe standards for purposes of determining full time for specified community college positions.

(3)

(2) The Public Employees' Retirement Law under various circumstances requires opinions or rulings to be obtained from federal agencies respecting compliance with federal law.

This bill would require any public agency applying to participate in the Public Employees' Retirement System on and after January 1, 1999, to submit a specified opinion from the United States Department of Labor.

(4)

(3) The Public Employees' Retirement Law establishes a loan program to assist in the purchase of homes in this state.

This bill would authorize home loans throughout the United States.

(5)

(4) The Public Employees' Retirement Law excludes specified local elected or appointed officers from membership in the system.

This bill would clarify the operative date of that exclusion.

(6)

(5) The Public Employees' Retirement Law prescribes state peace officer/firefighter and state safety membership based upon employment classifications.

This bill would clarify the membership category of specified positions.

(7)

(6) The Public Employees' Retirement Law prescribes terms and conditions for terminating agency contracts for participation in the retirement system.

This bill would clarify certain termination provisions.

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(8) The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement, including the ereation of a State Mandates Claims Fund to pay the costs of mandates that do not exceed \$1,000,000 statewide and other procedures for claims whose statewide costs exceed \$1,000,000.

This bill would provide that, if the Commission on State Mandates determines that the bill contains costs mandated by the state, reimbursement for those costs shall be made pursuant to these statutory provisions.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes no.

The people of the State of California do enact as follows:

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SECTION 1. Section 22138.5 of the Education Code is 1 2 amended to read:

22138.5. (a) "Full-time" means the days or hours of creditable service the employer requires to be performed by a class of employees in a school year in order to earn the compensation earnable as defined in Section 22115 and specified under the terms of a collective bargaining agreement or employment agreement. For the purpose of crediting service under this part, "full time" shall not 10 be less than the minimum standards specified in this section.

- minimum standard for full time in 12 (b) The kindergarten through grade 12 shall be: 13
- (1) One hundred seventy-five days per year or 1,050 14 hours per year except as provided in paragraph (2). 15
- (2) (A) One hundred ninety days per year or 1,520 hours per year for all principals and program managers, 18 including advisers. coordinators. consultants. developers or planners of curricula. instructional materials, or programs, and for administrators except as provided in subparagraph (B).
- (B) Two hundred fifteen days per year or 1,720 hours 22 per year including school and legal holidays pursuant to

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the policy adopted by the board for administrators at a county office of education.

- (c) The minimum standard for full time in community colleges shall be:
- (1) Thirty teaching units per year of not less than 35 weeks in duration for annual or hourly employment; or 175 days per year for daily employment. Full time shall include time for duties the employer requires to be performed as part of the full-time assignment in a 10 particular classification, even if that time is not included in the expression of teaching units.
 - (2) One hundred ninety days per year or 1,520 hours per year for all program managers and for administrators, except as provided in paragraph (3).
- (3) Two hundred fifteen days per year or 1,720 hours 16 per year including school and legal holidays pursuant to the policy adopted by the board for administrators at a district office.
- (4) One hundred seventy-five days per year or 1,050 20 hours per year for all counselors and librarians.
 - (d) The minimum standard for full time in adult education programs in any school district or community college district shall be 30 hours per week for 35 weeks per year, or 1,050 hours per year.
 - (e) The board shall have final authority to determine full time for purposes of crediting service under this part if full time is not otherwise specified herein.
 - SEC. 2. Section 1227 is added to the Government Code. to read:
- 1227. (a) Any person employed by a state or local agency, or any prospective applicant for employment with a state or local agency, in any position or capacity that requires the person or applicant to have contact with 34 children shall, as a condition of employment, be fingerprinted. Cost of the fingerprinting shall be borne by 36 the employee or applicant.
- (b) For purposes of this section, the following 38 definitions apply:
- (1) "State agency" shall have the same meaning as that used in Section 11000. 40

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(2) "Local agency" means any county or city, whether general law or chartered, city and county, district, municipal corporation, or other political subdivision of the state.

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- SEC. 3. Section 20057 of the Government Code is amended to read:
- 7 "Public agency" also includes the agencies 20057. listed below:
- (a) The Commandant, Veterans' Home of California, 10 with respect to employees of the Veterans' Home Exchange and other post fund activities whose compensation is paid from the post fund of the Veterans' 13 Home of California.
- (b) Any auxiliary organization operating pursuant to 15 Chapter 7 (commencing with Section 89900) of Part 55 of 16 the Education Code and in conformity with regulations adopted by the Trustees of the California State University 18 and any auxiliary organization operating pursuant to Article 6 (commencing with Section 72670) of Chapter 6 20 of Part 45 of the Education Code and in conformity with regulations adopted by the Board of Governors of the 22 California Community Colleges.
- student body or (c) Any nonprofit organization 24 composed exclusively of students of the California State 25 University or community college or of members of the 26 faculty of the California State University or community college, or both, and established for the purpose of 28 providing essential activities related to, but not normally 29 included as a part of, the regular instructional program of 30 the California State University or community college.
 - (d) A state organization of governing boards of school districts, the primary purpose of which is the advancing of public education through research and investigation.
 - (e) Any nonprofit corporation whose membership is confined to public agencies as defined in Section 20056.
- 36 (f) A section of the California Interscholastic 37 Federation.
- 38 (g) Any credit union incorporated under Division 5 (commencing with Section 14000) of the Financial Code, or incorporated pursuant to federal law, with 95 percent

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membership limited to employees who are of its members of or retired members of this system or the State and their Teachers' Retirement System, immediate families, and employees of any credit union. For the purposes of this subdivision, "immediate family" means those persons related by blood or marriage who reside in the household of a member of the credit union who is a member of or retired member of this system or the State 9 Teachers' Retirement System. The credit union shall pay 10 any costs that are in addition to the normal charges required to enter into a contract with the board. All the payments made by the credit union that are in addition 12 13 to the normal charges required shall be added to the total 14 amount appropriated by the Budget Act administrative expense of this system. For purposes of this 15 16 subdivision, a credit union shall not be deemed to be a 17 public agency unless it has entered into a contract with 18 the board pursuant to Chapter 5 (commencing with 19 Section 20460) prior to January 1, 1988. After January 1, 20 1988, the board shall not enter into a contract with any 21 credit union as a public agency. 22

- (h) Any county superintendent of schools that was a 23 contracting agency on July 1, 1983, and any school district or community college district that was a contracting agency with respect to local policemen, as defined in Section 20430, on July 1, 1983.
- (i) Any school district or community college district 28 that has established a police department, pursuant to Section 39670 or 72330 of the Education Code, and has entered into a contract with the board on or after January 1, 1990, for school safety members, as defined in Section 20444.
- 33 (i) A nonprofit corporation formed for the primary 34 purpose of assisting the development and expansion of 35 the educational, research, and scientific activities of a 36 district agricultural association formed pursuant to Part 37 3 (commencing with Section 3801) of Division 3 of the 38 Food and Agricultural Code, and the nonprofit corporation described in the California State Exposition and Fair Law (former Article 3 (commencing with

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Section 3551) of Chapter 3 of Part 2 of Division 3 of the Food and Agricultural Code, as added by Chapter 15 of the Statutes of 1967).

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- public or private nonprofit corporation that (k) A regional center for the developmentally operates a accordance with Chapter disabled in 5 (commencing with Section 4620) of Division 4.5 of the Welfare and Institutions Code. "Public agency" for purposes of this part shall only constitute the employees of the regional 10 center. Notwithstanding any other provision of this part, agency may elect by appropriate provision or amendment of its contract not to provide credit for service prior to the effective date of its contract.
- (l) Independent data-processing centers formed 15 pursuant to former Article 2 (commencing with Section 10550) of Chapter 6 of Part 7 of the Education Code, as it read on December 31, 1990. An agency included pursuant 18 to this subdivision shall only provide benefits that are identical to those provided to a school member.
 - (m) Any local agency formation commission.
 - (n) A nonprofit corporation organized for the purpose of and engaged in conducting a citrus fruit fair as defined in Section 4603 of the Food and Agricultural Code.
 - (o) (1) A public or private nonprofit corporation that operates an independent living center providing services to severely handicapped people and established pursuant to federal P.L. 93-112, that receives the approval of the board, and that provides at least three of the following services:
 - (A) Assisting severely handicapped people to obtain personal attendants who provide in-home supportive services.
- (B) Locating and distributing information about 34 housing in the community usable severely by handicapped people.
 - (C) Providing information about financial resources available through federal, state and local government, and private and public agencies to pay all or part of the cost of the in-home supportive services and other services needed by severely handicapped people.

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(D) Counseling by people with similar disabilities to aid the adjustment of severely handicapped people to handicaps.

- (E) Operation of vans or buses equipped wheelchair lifts to provide accessible transportation to otherwise unreachable locations in the community where services are available to severely handicapped people.
- (2) "Public agency" for purposes of this part shall constitute only the employees of the independent living 10 center.
- (3) Notwithstanding any other provisions of this part, the public or private nonprofit corporation may elect by appropriate provision or amendment of its contract not 14 to provide credit for service prior to the effective date of 15 its contract.
- (p) A hospital that is managed by a city legislative 17 body in accordance with Article 8 (commencing with Section 37650) of Chapter 5 of Part 2 of Division 3 of Title
 - (q) (1) Except as provided in paragraph (2), "public agency" also includes any entity formed pursuant to the Federal Job Training Partnership Act of 1982 (29 U.S.C. Sec. 1501 et seq.) or Division 8 (commencing with Section 15000) of the Unemployment Insurance Code.
- (2) "Public agency," for purposes of this part, does not 26 include a private industry council as set forth in the Federal Job Training Partnership Act of 1982 (29 U.S.C. Sec. 1501 et seq.) or Division 8 (commencing with Section 15000) of the Unemployment Insurance Code.
- transportation 30 district (r) The Tahoe that is 31 established by Article IX of Section 66801.
 - (s) The California Firefighter Joint Apprenticeship Program formed pursuant to Chapter 4 (commencing with Section 3070) of Division 3 of the Labor Code.
- 35 (t) A public health department or district that is 36 managed by the governing body of a county of the 15th class, as defined by Sections 28020 and 28036, as amended 37 by Chapter 1204 of the Statutes of 1971. 38
- 39 (u) A nonprofit corporation or association conducting 40 an agricultural fair pursuant to Section 25905 may enter

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into a contract with the board for the participation of its employees as members of this system, upon obtaining a advisory opinion from the United Department of Labor that the participation of the officers and employees of the nonprofit corporation or association in this system would not affect this system's exemption as a governmental plan under Section 1001 et seq. of Title 29 of the United States Code. The nonprofit corporation or association shall be deemed a "public agency" only for 10 this purpose. 11

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- (v) An auxiliary organization established pursuant to Article 2.5 (commencing with Section 69522) of Chapter 13 2 of Part 42 of the Education Code upon obtaining a advisory opinion from the United 14 written 15 Department of Labor that the participation of the officers and employees of the auxiliary organization in this system would not affect this system's exemption governmental plan under Section 1001 et seq. of Title 29 of the United States Code. The auxiliary organization is a "public agency" only for this purpose.
 - (w) The Western Association of Schools and Colleges upon obtaining a written advisory opinion from the United States Department of Labor that the participation of the officers and employees of the association in this system would not affect this system's exemption as a governmental plan under Section 1001 et seq. of Title 29 of the United States Code. The association shall be deemed a "public agency" only for this purpose.

Any public agency which applies on and after January 1, 1999, to participate in the system pursuant to this section shall obtain a written advisory opinion from the of Labor United States Department stating participation does not affect this system's exemption as a governmental plan under Section 1001 et seq. of Title 29 of the United States Code.

- SEC. 4. Section 20200 of the Government Code is 36 37 amended to read:
- 20200. (a) Notwithstanding any 38 other provision of law, the board may establish a program utilizing the

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retirement fund to assist system members, through financing, to obtain homes throughout the United States.

- the purpose of this section, the "member" means any person who is receiving, or is entitled to receive, a retirement allowance funded by this system, the Legislators' Retirement System, the Judges' Retirement System, or the Judges' Retirement System II, notwithstanding any vesting requirement and without regard to present eligibility to retire.
- (c) The board shall adopt regulations governing the program that shall, among other things, provide:
- (1) That home loans be made available to members for 13 the purchase of single-family dwellings, two-family dwellings, three-family dwellings, four-family dwellings, single-family cooperative apartments, and single-family 16 condominiums.
- (2) That private lending institutions throughout the 18 United States shall originate and service its home loans pursuant to agreements entered into between 20 institutions and the board.
 - (3) That the recipients of the loans occupy the homes as their permanent residences in accord with rules and regulations established by the board.
- (4) That its home loans shall be available only for the 25 purchase or refinancing of homes throughout the United 26 States and that under no condition shall a member have more than one outstanding loan.
- (5) That the amount and length of the loans shall be 29 pursuant to a schedule periodically established by the 30 board that shall provide a loan-to-value ratio of: (A) for the first loan, except for three-family dwellings and 32 four-family dwellings, a maximum of 95 percent of the first loan; (B) for the first loan on three-family dwellings and four-family dwellings, a maximum of 90 percent of 35 the first loan; and (C) for each additional loan, a 36 maximum of 80 percent of each additional loan. The portion of any loan exceeding 80 percent of value shall be 38 insured by an admitted mortgage guaranty conforming to Chapter 2A (commencing with Section 12640.01) of Part 6 of Division 2 of the Insurance Code, in

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an amount so that the unguaranteed portion of the loan does not exceed 75 percent of the market value of the property together with improvements thereon.

(6) That there may be prepayment penalties assessed on its loans in accordance with rules and regulations established by the board.

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- (7) That the criteria and terms for its loans shall provide the greatest benefit to members consistent with the financial integrity of the program and the sound investment of the retirement fund.
- (8) Any other terms and conditions as the board shall deem appropriate.
- 13 (d) This section shall be known as, and may be cited as, 14 the Dave Elder Public Employees' Retirement System Member Home Loan Program Act. 15
 - SEC. 5. Section 20201 of the Government Code is amended to read:
- 20201. (a) It is the intent of the Legislature that the 19 provisions of this section be available to assist members in 20 obtaining homes throughout the United States. 21 Legislature intends that home loans made pursuant to Section 20200 and this section shall be secured primarily 23 by the property acquired except as authorized pursuant 24 to paragraph (1) of subdivision (b) and shall not exceed 25 the fair market value of the property acquired.
- shall (b) The board include in any 27 established pursuant to Section 20200 a procedure whereby a member may obtain 100-percent financing for purchase of a single-family dwelling accordance with the following criteria:
- member shall obtain one 32 loan-to-value ratio not to exceed 95 percent secured by the purchased home and a second personal loan with a loan-to-value ratio not to exceed 5 percent secured by a portion of the accumulated contributions and vested accrued benefits in the member's individual account. A member can only have one outstanding personal loan.
- 38 (2) The loan secured by the purchased home shall be consistent with the loan-to-value ratios specified in the schedules established pursuant to Section 20200.

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- a conforming (3) The amount of loan single-family dwelling unit shall not exceed 95 percent of the Federal National Mortgage Association (FNMA) conforming loan limits. The amount shall be adjusted determined by the Federal National as Mortgage Association (FNMA). In no event, shall the loan amount exceed three hundred fifty thousand dollars
- 9 (4) In no event may the personal loan secured by the 10 accumulated contributions and vested accrued benefits in the member's individual account exceed 50 percent of 12 value of accumulated the current amount the 13 contributions.
- (5) The pledge of security under this section shall 15 remain in effect until the loan is paid in full.
- (c) In the event of a default on the personal loan secured by the member's contributions as authorized by 18 this section, the board may deduct an amount from the member's contributions on deposit and member's accrued benefit, up to the amount pledged as security, prior to making any disbursement of retirement benefits.
- (d) The secured personal loan permitted under this 24 section shall be made available only to currently 25 employed members who meet eligibility criteria the board deems advisable.
- (e) If the member is married at the time the home is 28 purchased with a personal loan secured by the member's contributions as authorized by this section, then the 30 member's spouse shall agree in writing to the pledge of security, as to his or her community interest in the 32 amount pledged regardless of whether title to the home is in joint tenancy.
- 34 (f) The pledge of security under this section shall take 35 binding effect, notwithstanding Section 21255. In 36 event of default, the accumulated contributions in the 37 member's account shall be reduced as necessary 38 recover any outstanding loan balance, not to exceed the pledged amount.

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(g) Appropriate administrative costs of implementing this section shall be paid by the members utilizing this section. Those costs may be included in the loan amount.

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- (h) Appropriate interest rates shall be periodically reviewed and adjusted to provide loans to members consistent with the financial integrity of the member loan program and the sound and prudent investment of the retirement fund.
- (i) The amendments to this section by Chapter 1094 of 10 the Statutes of 1994 shall be deemed to have become operative on November 1, 1993.
- (i) The board shall administer this section under other terms and conditions it deems appropriate and in keeping 14 with the investment standard set forth in Section 20151. The board may adopt procedural guidelines as necessary for its administration of this section and to assure compliance with applicable state and federal laws.
 - SEC. 6. Section 20322 of the Government Code is amended to read:
- 20322. (a) An elective officer is excluded 21 membership in this system unless the officer files with the board an election in writing to become a member. The officer may elect at any time, and has the option of 24 making contributions to this system in the amount that 25 the officer would have contributed had the officer not 26 been excluded, plus an amount equal to the interest, to the date or dates of his or her payment, that would have 28 been credited to those contributions had he or she not been excluded. The contributions and interest shall be 30 paid to this system at times, in amounts, and in a manner, fixed by the board. If the officer affirmatively exercises the option:
- (1) He or she shall receive credit for previous state 34 service in the same manner as if he or she had not been excluded, and
- (2) His or her rate of contributions shall be based on 36 the nearest age at the time he or she first was excluded. 37
 - (b) As used in this part, "elective officer" includes any officer of the Senate or Assembly who is elected by vote of the members of either or both of the houses of the

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Legislature, and any appointive officer of a city or county occupying a fixed term of office, as well as officers of the state or contracting agencies elected by the people, and persons elected to a city council or a county board of 5 supervisors.

- (c) Notwithstanding any other provision of subdivision (a) or (b), elected or appointed officers of a county superintendent of schools, school district, or community college district, or of a contracting agency, 10 who serve on public commissions, boards, councils, or similar legislative or administrative bodies are excluded from membership in this system. This exclusion shall only apply to those elected or appointed officers, other than 14 city or county officers, who are first elected or appointed to an office on or after July 1, 1994, or who are elected or 15 appointed to a term of office not consecutive with the 16 term of office held on June 30, 1994. For city or county elected or appointed officers, this exclusion shall only apply to those officers who are first elected or appointed to an office on or after January 1, 1997, or who are elected or appointed to a term of office not consecutive with the term of office held on December 31, 1996. This exclusion shall not apply to persons elected to a city council or county board of supervisors.
 - (d) Any person holding the office of city attorney or the office of assistant city attorney, whether employed, appointed, or elected, is excluded from the definition of "elective officer" as defined in subdivision (b). This subdivision shall apply only to persons first employed, elected, or appointed on or after July 1, 1994, or following any break in state service while serving in the office if the office was held on June 30, 1994.
 - (e) In accordance with Section 20125 the board shall be the sole judge of which elected or appointed positions qualify the incumbent as an "elective officer" in this system under this section.
 - (f) Notwithstanding any other provision of law, with elective officers of contracting respect to agencies, employer by a contracting agency of contributions and any other amounts for employer paid

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benefits under this system shall not be construed as receipt of salary or compensation by the elective officer for purposes of any statutory salary or compensation limitation.

SEC. 7. Section 20398 of the Government Code is 5 6 amended to read:

20398. "State peace officer/firefighter member" also includes:

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- (a) State officers and employees designated as peace 10 officers as defined in Sections 830.1, 830.2, 830.3, 830.38, 830.4, and 830.5 of the Penal Code, except a patrol member, or a firefighter whose principal duties consist of 12 active firefighting/fire suppression, who 14 excluded from the definition of state employee in subdivision (c) of Section 3513 or is a nonelected officer 16 or employee of the executive branch of government who 17 is not a member of the civil service, provided, that those 18 officers and employees have responsibility for the direct supervision of state peace officer/firefighter personnel 20 specified in Sections 20391, 20392, 20393, and 20395. The 21 Department of Personnel Administration shall annually 22 determine which classes meet the above conditions and 23 are not classes specified in Sections 20391, 20392, 20393, and 20395, and report its findings to the Legislature and to this system, to be effective July 1 of each year. 25
- (b) Members who are reclassified pursuant to this 27 section may file an irrevocable election to be subject to 28 their prior retirement formula and the corresponding rate of contributions. The Director of Corrections may, 30 upon appointment to that office on or after January 1, 1999, file an irrevocable election to remain subject to the 32 industrial and the corresponding rate formula contributions. The elections must be filed within 90 days 34 of notification by the board. Members who so elect shall 35 be subject to the reduced benefit factor specified in Section 21353 only for the service included in the federal 36
- 38 SEC. 8. Section 20403 of the Government Code is amended to read:

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1 20403. "State safety member" shall also include officers and employees in (a) the Department 3 employed to the Corrections perform duties now performed in positions with the following class titles: 5 Deputy Director, Department of Corrections; Deputy 6 Director, Institutions, Camps and Program Services 7 Division: Director. Parole Deputy and Community Warden—San 8 Services: Warden: Ouentin: 9 Superintendent II and III, Department of Corrections; 10 Deputy Superintendent: Correctional Administrator: 11 Program Administrator, Correctional Institution; 12 classes of Correctional Program Supervisor; Correctional 13 Captain; Correctional Lieutenant; Correctional 14 Sergeant; Correctional Officer; all classes of Women's Assistant 15 Correctional Supervisor; Deputy Director. 16 Parole and Community Services; all classes of Parole Administrator, Adult Parole; all classes of Parole Agent, 17 18 Adult Parole; Assistant Director, Investigations and Law Senior Special Agent; Special 19 Enforcement Liaison; 20 Agent; all classes of Women's Parole Agent; Medical 21 Facility Superintendent: Superintendent, California 22 Institution for Women; all classes of Correctional 23 Counselor; Chief and Assistant Chief Transportation 24 Officer, (b) the Department of the Youth Authority 25 employed to perform the duties now performed in with the following class titles: 26 positions Director, 27 Department of the Youth Authority; Chief, Division of 28 Parole and Community Services; Deputy Chief, Division 29 Community Services: Parole and **Program** School: 30 Administrator, Correctional Assistant Superintendent, Correctional School; all classes 32 Superintendent. Correctional School: Youth Authority 33 Camp Superintendent; Assistant Superintendent, Youth 34 Authority Camp; Chief, Division Institutions: of 35 Treatment Team Supervisor; all classes of Transportation 36 Officers, Youth Authority; Security Officer; all classes of 37 Group Supervisors; all classes of Parole Agent, Youth 38 Authority; all classes of Youth Counselor; Supervisor 39 Community Treatment Programs; Correctional Training Supervisor; Correctional Casework 40 Casework

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Trainee; all classes of Correctional Counselor, (c) the Board of Prison Terms employed to perform duties now performed in positions with the following class titles: all 4 classes of Parole Agent; all classes of Correctional 5 Counselor and the Chief of Investigation, (d) Youthful Offender Parole Board employed to perform duties now performed in positions with the following class titles: all classes of Parole Agent, and (e) the Prison Industry Authority employed to perform duties now 10 performed in positions with the following class titles: 11 General Manager; Assistant General Manager, 12 Administration and Marketing Branch; Chief, Industry 13 Implementation Division; and Activation Manager. 14

SEC. 9. Section 20575 of the Government Code is 15 amended to read:

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20575. Notwithstanding any other provision of this part to the contrary, upon request of a terminating 18 agency, the board shall enter into an agreement with the 19 governing body of a terminating agency in order to 20 ensure that (a) the final compensation used in the 21 calculation of benefits of its employees shall be calculated 22 in the same manner as the benefits of employees of agencies that are not terminating, regardless of whether with they retire directly from employment 25 terminating agency or continue in other public service; and (b) related necessary adjustments in the employer's contribution rate are made, from time to time, by the board prior to the date of termination to ensure that benefits are adequately funded or any other actuarially including 30 sound payment technique, lump-sum payment at termination, is agreed to by the governing body of the terminating agency and the board.

The terminating agency that will cease to exist shall 34 notify the board not sooner than three years nor later 35 than one year prior to its termination date of its intention 36 to enter into agreement pursuant to this section. terms of the agreement shall be reflected in amendment to the agency's contract with the board.

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If the board, itself, determines that it is not in the best interests of the system, it may choose not to enter into an agreement pursuant to this section.

SEC. 10. Section 20578 of the Government Code is 5 amended to read:

20578. Notwithstanding any other provision of law, on 6 and after January 1, 1991, the rights and benefits of a employee of a contracting agency terminated on or before January 1, 1991, or of his or her beneficiary, shall be the same as if the agency had 10 continued as a contracting agency. Any monthly allowance of that individual, or of his or her beneficiary, 12 that was reduced pursuant to Section 20577 because the contracting agency failed to pay the board the amount of the difference, shall not be subject to continued reduction on or after January 1, 1991. As of January 1, 1991, benefits shall be paid at the level provided in the contract prior to 17 18 that reduction. However, if a former employee of a contracting agency that terminated on or before January 1, 1991, becomes employed by another covered employer after the date of termination, including an employer 21 subject to reciprocity, the benefits shall be calculated by 23 using the highest compensation earned by the individual.

In accordance with Section 20580, an individual who 25 has withdrawn his or her accumulated contributions from the terminated agency shall not be permitted redeposit withdrawn contributions any upon again becoming a member of this system.

All assets and liabilities of contracting agencies which have terminated shall be pooled into a single account to provide exclusively for the payment of benefits. All benefits shall be reduced proportionally pursuant to Section 20577 prior to the transfer of assets to the pool if the amount of the terminating agency's assets are less than the actuarial equivalent described in clause (1) of Section 20576 and if the agency fails to pay the difference.

SEC. 11. Section 20636 of the Government Code is 37 38 amended to read:

20636. (a) "Compensation earnable" 39 by a member means the payrate and special compensation of

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member, as defined by subdivisions (b), (c), and (g), and as limited by Section 21752.5.

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- (b) (1) "Payrate" means the normal monthly rate of pay or base pay of the member paid in cash to similarly situated members of the same group or class employment for services rendered on a full-time basis during normal working hours. "Payrate" for a member who is not in a group or class means the monthly rate of pay or base pay of the member, paid in cash and pursuant 10 to publicly available pay schedules, for services rendered on a full-time basis during normal working hours, subject to the limitations of paragraph (2) of subdivision (e).
- (2) The computation for any leave without pay of a 14 member shall be based on the compensation earnable by 15 him or her at the beginning of the absence.
 - (3) The computation for time prior to entering state service shall be based on the compensation earnable by him or her in the position first held by him or her in state service.
 - (c) (1) Special compensation of a member includes any payment received for special skills, knowledge, abilities, work assignment, workdays or hours, or other work conditions.
- (2) Special compensation shall be limited to that 25 which is received by a member pursuant to a labor policy or agreement or as otherwise required by state or federal law, to similarly situated members of a group or class of employment that is in addition to payrate. If an individual is not part of a group or class, special compensation shall be limited to that which the board determines is received by similarly situated members in the closest related group or class that is in addition to payrate, subject to the limitations of paragraph (2) of subdivision (e).
 - (3) Special compensation shall be for services rendered during normal working hours and. when reported to the board, the employer shall identify the pay period in which the special compensation was earned.
- 38 compensation include (4) Special may the full monetary value of normal contributions paid to the board by the employer, on behalf of the member and pursuant

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to Section 20691, provided that the employer's labor policy or agreement specifically provides the inclusion of the normal contribution payment in compensation earnable.

- (5) The monetary value of any service or noncash advantage furnished by the employer to the member, except as expressly and specifically provided in this part, shall not be special compensation unless regulations promulgated by the board specifically determine 10 value to be "special compensation."
- (6) The board shall promulgate regulations that 12 specifically exclusively delineate more and what 13 constitutes "special compensation" as used in this section. 14 A uniform allowance, the monetary value employer-provided uniforms, holiday pay, and premium 16 pay for hours worked within the normally scheduled or regular working hours that are in excess of the statutory 17 18 maximum workweek or work period applicable to the 19 employee under Section 201 et seq. of Title 29 of the 20 United States Code shall be included special as 21 compensation those and appropriately defined in 22 regulations.
- (7) Special compensation does not include any of the 24 following:
 - (A) Final settlement pay.
 - (B) Payments made for additional services rendered outside of normal working hours, whether paid in lump sum or otherwise.
 - board (C) Any other payments the not affirmatively determined to be special compensation.
 - (d) Notwithstanding any other provision payrate and special compensation schedules, ordinances, or similar documents shall be public records available for public scrutiny.
- (e) (1) As used in this part, "group or class of 36 employment" means a number of employees considered together because they share similarities in job duties, 38 work location, collective bargaining unit, or other logical work related grouping. Under no circumstances shall one employee be considered a group or class.

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(2) Increases in compensation earnable granted to any employee who is not in a group or class shall be limited during the final compensation period applicable to the employees, as well as the two years immediately preceding the final compensation period, to the average increase in compensation earnable during the same period reported by the employer for all employees who are in the same membership classification, except as may otherwise determined pursuant to 10 adopted by the board that establish reasonable standards for granting exceptions.

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- (f) As used in this part, "final settlement pay" means 13 any pay or cash conversions of employee benefits that are 14 in excess of compensation earnable, that are granted or awarded to a member in connection with anticipation of a separation from employment. The board promulgate regulations that delineate shall specifically what constitutes final settlement pay.
- (g) (1) Notwithstanding subdivision (a), "compensation earnable" for state members means average monthly compensation, as determined by board, upon the basis of the average time put in by members in the same group or class of employment and at the same rate of pay, and is composed of the payrate special and compensation of the member. computation for any absence of a member shall be based on the compensation earnable by him or her at the beginning of the absence and that for time prior to entering state service shall be based on the compensation 30 earnable by him or her in the position first held by him or her in that state service.
- (2) Notwithstanding subdivision (b). "payrate" state members means the average monthly remuneration 34 paid in cash out of funds paid by the employer to similarly 35 situated members of the same group or class of 36 employment, in payment for the member's services or for 37 time during which the member is excused from work because of holidays, sick leave, vacation, compensating time off, or leave of absence. "Payrate" for state members shall include:

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(A) Any amount deducted from a member's salary for any of the following:

- (i) Participation in a deferred compensation plan established pursuant to Chapter 4 (commencing with Section 19993) of Part 2.6.
- (ii) Payment for participation in a retirement plan that meets the requirements of Section 401(k) of Title 26 of the United States Code.
- (iii) Payment into a money purchase pension plan and 10 trust that meets the requirements of Section 401(a) of Title 26 of the United States Code.
 - (iv) Participation in a flexible benefits program.
- (B) Any payment in cash by the member's employer 14 to one other than an employee for the purpose of purchasing an annuity contract for a member under an 16 annuity plan that meets the requirements of Section 403(b) of the Internal Revenue Code.
- (C) Employer "pick up" of member contributions 19 that meets the requirements of Section 414(h)(2) of Title 20 26 of the United States Code.
 - workers' (D) Anv disability or compensation payments to safety members in accordance with Section 4800 of the Labor Code.
- (E) Temporary industrial disability payments 25 pursuant to Article 4 (commencing with Section 19869) of Chapter 2.5 of Part 2.6.
- (F) Any other payments the board may determine to 28 be within "payrate."
- (3) Notwithstanding subdivision (c). "special compensation" for state members shall mean all of the 30 following:
 - (A) The monetary value, as determined by the board, of living quarters, board, lodging, fuel, laundry, and other advantages of any nature furnished a member by his or her employer in payment for the member's services.
- (B) Any compensation for performing normally 37 required duties, such as holiday pay, bonuses (for duties performed on regular work shift), educational incentive pay, maintenance and noncash payments, out-of-class pay, marksmanship pay, hazard pay, motorcycle pay,

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paramedic emergency medical pay, technician POST certificate pay, and split shift differential.

- (C) Compensation for uniforms, except as provided in Section 20632.
- (D) Any other payments the board may determine to be within "special compensation."
- (4) Neither "payrate" nor "special compensation" for state members shall include any of the following:
- (A) The provision by the state employer of any 10 medical or hospital service or care plan or insurance plan for its employees (other than the purchase of annuity contracts as described below in this subdivision), any contribution by the employer to meet the premium or 14 charge for such a plan, or any payment into a private fund 15 to provide health and welfare benefits for employees.
- (B) Any payment by the state employer of the employee portion of taxes imposed by the Federal 18 Insurance Contribution Act.
- (C) Amounts not available for payment of salaries and 20 that are applied by the employer for the purchase of contracts including annuity those that requirements of Section 403(b) of the Internal Revenue Code.
 - Article (D) Any benefits paid pursuant to (commencing with Section 19878) of Chapter 2.5 of Part
 - (E) Employer payments that are to be credited as employee contributions for benefits provided by this system, or employer payments that are to be credited to accounts in deferred compensation employee provided, that the amounts deducted from a member's wages for participation in a deferred compensation plan shall not be considered to be "employer payments."
- 34 unused vacation, (F) Payments for annual 35 personal leave, sick leave, or compensating time off, 36 whether paid in lump sum or otherwise.
 - (G) Final settlement pay.

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38 (H) Payments for overtime, including pay in lieu of 39 vacation or holiday.

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additional (I) Compensation for services outside regular duties, such as standby pay, callback pay, court duty, allowance for automobiles, and bonuses for duties performed after the member's regular work shift.

- (J) Amounts not available for payment of salaries and which are applied by the employer for any of the following:
- 8 (i) The purchase of a retirement plan which meets the requirements of Section 401(k) of Title 26 of the United 10 States Code.
 - (ii) Payment into a money purchase pension plan and trust which meets the requirements of Section 401(a) of Title 26 of the United States Code.
- (K) Payments made by the employer to or on behalf 15 of its employees who have elected to be covered by a flexible benefits program, where those payments reflect amounts that exceed the employee's salary.
- (L) Any other payments the board may determine are 19 not "payrate" or "special compensation."
- (5) If the provisions of this subdivision, including the board's determinations pursuant to subparagraph (F) of paragraph (2) and subparagraph (D) of paragraph (3), are in conflict with the provisions of a memorandum of understanding reached pursuant to Section 3517.5 3560, the memorandum of understanding shall controlling without further legislative action, except that if the provisions of a memorandum of understanding require the expenditure of funds, those provisions shall not become effective unless approved by the Legislature 30 in annual Budget Act. memorandum the No understanding reached pursuant to Section 3517.5 or 3560 may exclude from the definition of either "payrate" or "special compensation" a member's base salary payments 34 or payments for time during which the member is excused from work because of holidays, sick leave, 36 vacation, compensating time off, or leave of absence. If any items of compensation earnable are included by memorandum of understanding as "payrate" or "special compensation" for retirement purposes for represented employees higher education pursuant

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paragraph, the Department of Personnel Administration or the Trustees of the California State University shall obtain approval from the board for that inclusion.

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- (6) (A) Subparagraph (B) of paragraph (3) of this prescribes that compensation subdivision earnable includes any compensation for performing normally required duties, such as holiday pay, bonuses (for duties performed on regular work shift), educational incentive maintenance and noncash payments, out-of-class marksmanship pay, hazard pay, motorcycle paramedic pay, emergency medical technician POST certificate pay, and split shift differential; and includes compensation for uniforms, except as provided in Section 20632; and subparagraph (I) of paragraph (4) excludes from compensation earnable compensation for additional services outside regular duties, such as standby pay, callback pay, court duty, allowance for automobile, and bonuses for duties performed after regular work shift.
- (B) Notwithstanding subparagraph (A) paragraph, the Department of Personnel Administration shall determine which payments and allowances that are paid the state employer shall be compensation for retirement purposes for any employee who either is excluded from the definition of state employee in subdivision (c) of Section 3513, or is a nonelected officer or employee of the executive branch of government who is not a member of the civil service.
- (C) Notwithstanding subparagraph (A) paragraph, the Trustees of the California State University shall determine which payments and allowances that are paid by the trustees shall be considered compensation for retirement purposes for any managerial employee, defined in subdivision (1) of Section 3562, or supervisory employee as defined in Section 3580.3.
- 35 SEC. 12. Section 21493 of the Government Code is 36 amended to read:
- 21493. (a) If a person had no beneficiary designation in effect on the date of death, any benefit payable shall be 38 paid to the survivors of the person in the following order:
 - (1) The decedent's spouse.

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(2) The decedent's natural or adopted children. including a natural child adopted by another who meets the following criteria:

- (A) The natural parent and adopted child 5 together at any time as parent and child or the natural parent was married to or was cohabiting with the other natural parent at the time the child was conceived and died before the birth of the child; and
- (B) The child was adopted by the spouse of either of 10 the natural parents or after the death of either of the natural parents or the child is a natural child adopted by another as that phrase is defined or construed by the 13 Probate Code.
 - (3) The decedent's parents.
 - (4) The decedent's brothers and sisters.
- (b) If a deceased person had no effective beneficiary designation and there are no survivors in the groups 18 specified in subdivision (a) who are entitled to the benefit under this section, the benefit shall be paid to the estate 20 of the decedent, if the estate is either probated or subject to probate. Any benefit payable by this system may be paid either to the estate or to the duly authorized 23 representative or representatives of the estate 24 receipt by this system of a court order appointing an 25 executor, administrator, or personal representative.
- (c) If there are no survivors in the groups specified in 27 subdivision (a) and the estate of the person described in subdivision (b) does not require probate, irrespective of whether probate is filed, the benefit shall be paid directly 30 to the decedent's trust.
- (d) If there are no survivors in the groups specified in 32 subdivision (a) and the estate of the person described by subdivision (b) does not require probate, irrespective of 34 whether probate is filed, and the decedent has not 35 established a trust as described by subdivision (c), the 36 benefit shall be paid directly to the surviving next of kin in the following order.
- 38 (1) Stepchildren.
- 39 (2) Grandchildren, including stepgrandchildren.
- (3) Nieces and nephews. 40

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- 1 (4) Great grandchildren.
- 2 (5) Cousins.

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- (e) For purposes of determining the application of subdivisions (b), (c), and (d) the amount of the benefit payable from this system shall not be included in calculating the worth of the estate.
- (f) For purposes of this section, the term "stepchild" shall mean a person who had a regular parent-child relationship with the deceased person.
- SEC. 13. Section 22013 of the Government Code is 10 11 amended to read:
- 12 22013. "Policeman" as used in this part includes 13 members of the California Highway Patrol, state safety 14 members of the Public Employees' Retirement System employed by the Department of Justice, sheriffs. 16 undersheriffs, deputy sheriffs, marshals and deputy 17 marshals, and any other employee of a public agency 18 other than the state or University of California in a 19 position designated as a policeman's position by the board 20 for the purposes of Section 218(d)(5)(A) of the Social 21 Security Act.
- 22 SEC. 14. Section 22013.1 of the Government Code is 23 amended to read:
- 22013.1. "Policeman" as used in this part also includes 25 persons employed in the Department of Fish and Game 26 in connection with its warden service, whose principal consist of active law enforcement service, 27 duties including immediate supervision by persons employed to perform the duties now performed under the titles of 30 chief and assistant chief of warden service, and captain of patrol boats for the purposes of Section 218(d)(5)(A) of the Social Security Act.
- 33 SEC. 15. Section 22013.3 of the Government Code is 34 amended to read:
- 35 22013.3. "Policeman" as used in this part also includes 36 persons employed in positions set forth in Section 20403 for the purposes of Section 218(d)(5)(A) of the Social 37
- 38 Security Act.
- SEC. 16. Section 22013.4 of the Government Code is 39 amended to read:

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1 22013.4. "Policeman" as used in this part also includes 2 persons designated by Section 31470.6 as persons whose 3 principal duties consist of "active law enforcement" for 4 the purposes of Section 218(d)(5)(A) of the Social 5 Security Act.

- 6 SEC. 17. Section 22013.6 of the Government Code is 7 amended to read:
- 8 22013.6. "Policeman" as used in this part also includes 9 persons employed in positions set forth in Sections 20438 10 and 31469.4 for the purposes of Section 218(d)(5)(A) of the Social Security Act.
 - This section shall be operative only in counties which elect to terminate the social security coverage of county probation officers and juvenile hall employees in that county and elect to include such officers and employees within the safety membership retirement category.
- 17 SEC. 18. Section 22013.7 of the Government Code is 18 amended to read:
- 22013.7. "Policeman" or "fireman," as used in this part, also includes persons employed in positions set forth in Section 20414 for the purposes of Section 218(d)(5)(A) of the Social Security Act (42 U.S.C. Sec. 418(d)(5)(A)).
- 23 SEC. 19. Section 22013.75 of the Government Code is 24 amended to read:
- 25 22013.75. "Policeman," as used in this part, also 26 includes persons employed in positions identified in 27 Section 20407 for the purposes of Section 218(d)(5)(A) of the Social Security Act (42 U.S.C. Sec. 418(d)(5)(A)).
- 29 SEC. 20. Section 22013.76 of the Government Code is 30 amended to read:
- 22013.76. "Policeman," as used in this part, also includes persons employed in positions identified in Section 20408 for the purposes of Section 218(d)(5)(A) of
- 34 the Social Security Act (42 U.S.C. Sec. 418(d)(5)(A)).
 35 SEC 21 Section 22013 8 of the Government Code
- 35 SEC. 21. Section 22013.8 of the Government Code is 36 amended to read:
- 37 22013.8. "Policeman" as used in this part also includes
 - 8 persons employed in classifications listed in Section 20405
- 39 for the purposes of Section 218(d)(5)(A) of the Social 40 Security Act.

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- 1 SEC. 22. Section 22013.85 of the Government Code is 2 amended to read:
- 3 22013.85. "Policeman" as used in this part also 4 includes persons employed in the classification listing in
- 5 Section 20411 for the purposes of Section 218(d)(5)(A) of 6 the Social Security Act.
- 7 SEC. 23. Section 22013.9 of the Government Code is 8 amended to read:
- 9 22013.9. "Policeman" as used in this part also includes 10 persons employed in positions set forth in Section 20406 11 for the purposes of Section 218(d)(5)(A) of the Social 12 Security Act.
- 13 SEC. 24. Section 22013.95 of the Government Code is 14 amended to read:
- 22013.95. "Policeman" or "fireman," as used in this part, also includes persons employed in positions set forth in Section 20393 for the purposes of Section 218(d)(5) (A) of the Social Security Act (42 U.S.C. Sec. 418(d)(5)(A)).
- 19 SEC. 25. Section 22013.955 of the Government Code 20 is amended to read:
- 21 22013.955. "Policeman" as used in this part also 22 includes persons employed in the classifications set forth 23 in Section 20397 for the purposes of Section 218(d)(5)(A) 24 of the Social Security Act.
- 25 SEC. 26. Section 22013.96 of the Government Code is 26 amended to read:
- 27 22013.96. "Policeman" or "fireman," as used in this 28 part, also includes persons employed in positions set forth 29 in Section 20395, as amended in 1984 for the purposes of 30 Section 218(d)(5)(A) of the Social Security Act (42 31 U.S.C. Sec. 418(d)(5)(A)).
- 32 SEC. 27. Section 22013.97 of the Government Code is amended to read:
- 34 22013.97. "Policeman" or "fireman," as used in this
- 35 part, also includes persons employed in positions set forth 36 in Sections 20398 for the purposes of Section
- 37 218(d)(5)(A) of the Social Security Act (42 U.S.C. Sec.
- 38 418(d)(5)(A)).
- 39 SEC. 28. Section 22013.10 of the Government Code is 40 amended to read:

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1 22013.10. "Policeman" as used in this part, also 2 includes persons employed in positions set forth in 3 Section 20415 for the purposes of Section 218(d)(5)(A) of 4 the Social Security Act (42 U.S.C. Sec. 418(d)(5)(A)).

5 SEC. 29. Section 22013.11 of the Government Code is 6 amended to read:

7 22013.11. "Policeman" or "fireman," as used in this 8 part, also includes persons employed in positions set forth 9 in Sections 20409 and 20410 for the purposes of Section 10 218(d)(5)(A) of the Social Security Act (42 U.S.C. Sec. 11 418(d)(5)(A)).

12 SEC. 30. Section 22014 of the Government Code is 13 amended to read:

14 22014. "Fireman" as used in this part means any 15 employee of the Division of Forestry, Department of 16 Conservation, employed perform duties to performed under the following titles: State Forester; all 17 18 classes of rangers; all classes of deputy state foresters; all 19 classes of fire prevention and law enforcement officers; all 20 classes of foresters; all classes of forestry foreman; all 21 classes of forestry trainees; all classes of forestry 22 equipment and civil engineers; forestry superintendent, forest firetruck driver; 23 conservation camps; forestry 24 fireman; forest firefighter; equipment maintenance 25 foreman or forestry equipment operator; or employed in any other position the principal duties of which consist of active fire suppression, and any employee of a public agency other than the state or University of California in a position designated as a fireman's position by the board 30 for the purposes of Section 218(d)(5)(A) of the Social 31 Security Act.

32 SEC. 31. Section 22014.1 of the Government Code is 33 amended to read:

22014.1. "Fireman" as used in this part also means any officer or employee of a county having a population in excess of 5,000,000 who is employed by the forestry division of the county fire department and whose principal duties consist of active fire suppression for the purposes of Section 218(d)(5)(A) of the Social Security 40 Act.

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SEC. 32. Section 22014.5 of the Government Code is 1 2 amended to read:

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22014.5. "Fireman" as used in this part includes persons employed as "campus firefighter" and other persons employed in positions described in Section 20412 for the purposes of Section 218(d)(5)(A) of the Social Security Act.

SEC. 33. Notwithstanding Section 17610 of the Government Code, if the Commission on State Mandates determines that this act contains costs mandated by the 10 state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 14 2 of the Government Code. If the statewide cost of the claim for reimbursement does not exceed one million dollars (\$1,000,000), reimbursement shall be made from the State Mandates Claims Fund.

Notwithstanding Section 17580 of the Government Code, unless otherwise specified, the provisions of this act shall become operative on the same date that the act takes effect pursuant to the California Constitution.